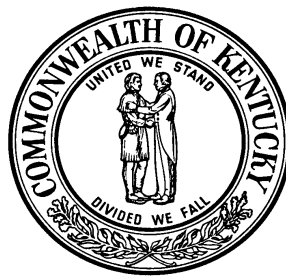


**REPORT OF THE AUDIT OF THE  
JEFFERSON COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2010**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
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## EXECUTIVE SUMMARY

### **AUDIT EXAMINATION OF THE JEFFERSON COUNTY SHERIFF**

**For The Year Ended  
December 31, 2010**

The Auditor of Public Accounts has completed the Jefferson County Sheriff's audit for the year ended December 31, 2010. Based upon the audit work performed, the financial statements present fairly, in all material respects, the revenues, and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting. In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable to the Jefferson County Sheriff's major federal program: Internal Revenue Service - Reimbursement of Overtime and Other Expenses (CFDA #21.N/A)

#### **Financial Condition:**

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Jefferson County Sheriff had total receipts of \$26,550,014, which was a \$1,518,322 increase from the prior year. Except for reimbursed expenses in the amount of \$11,208,867, which includes Louisville Jefferson County/Metro Government contributions of \$496,652, the sheriff paid 25% of receipts to the Louisville/Jefferson County Metro Government in the amount of \$3,783,921. This was a decrease of \$113,514 from the prior year. In addition, operating fund expenditures decreased by \$1,123,772.

#### **Debt Obligations:**

The Sheriff's office is responsible for the following lease:

Item	Monthly	Term of	Ending	Principal
Purchased/Leased	Payment	Agreement	Date	Balance
Six Copy Machines	\$ 1,682	48 Months	5/11/2014	\$ 73,435

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Greg Fischer, Mayor, Louisville/ Jefferson County Metro Government  
Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the Sheriff of Jefferson County, Kentucky, and the statement of revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2010. These financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2010, in conformity with the regulatory basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organization, and is not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



The Honorable Greg Fischer, Mayor, Louisville/ Jefferson County Metro Government  
Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2011 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Sheriff, members of the Louisville/Jefferson County Metro Council, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

June 28, 2011



JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2010

Revenues

Federal Grants		\$	31,285	*	
State Fees for Services					
Attending Court	\$	2,026,560	*		
Conveyance of Prisoners		100,157	*		
Sequestered Jurors		11,954	*		
KLEFPF		975,930	*		
Court Security		<u>596,511</u>	*	3,711,112	
Metro Government				496,652	*
County Clerk		2,035,099			
County Clerk (Reimbursed)		<u>154,424</u>	*	2,189,523	
Commission on Taxes		9,255,855			
Commission on Taxes (Reimbursed)		<u>5,554,558</u>	*	14,810,413	
Fees Collected for Services:					
Auto Inspections		269,305			
Serving Papers		1,962,026			
Serving Papers (Reimbursed)		1,008	*		
Executions		17,555			
Executions (Reimbursed)		483,402	*		
Concealed Weapon License Fees		124,352			
Data Services		<u>54,339</u>		2,911,987	
Other Revenues:					
10% Add On Fee		1,491,277			
Reimbursements		434,506	*		
IRS, DEA, FBI, & Other Federal Reimbursements		341,920	*		
Abandoned Funds/Property		19,185			
Miscellaneous		49,898			
Interest Earned		<u>62,256</u>		<u>2,399,042</u>	
Total Revenues					26,550,014

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
 JOHN E. AUBREY, SHERIFF  
 STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

Expenditures

Payments to State:

Reimbursements	\$	721,066	
----------------	----	---------	--

Other Expenditures:

Executions-Third Parties	\$	482,603	
Serving Papers-Refunds		1,008	
Sequestered Jurors		11,954	
Cobra Insurance & Other		<u>57,495</u>	<u>553,060</u>

Total Expenditures			\$	<u>1,274,126</u>
--------------------	--	--	----	------------------

Net Revenues				25,275,888
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Payments to State Treasurer:

75% Operating Fund		21,491,967		
25% County Fund		<u>3,783,921</u>		<u>25,275,888</u>

Balance Due at Completion of Audit			\$	<u><u>0</u></u>
------------------------------------	--	--	----	-----------------

\* Includes reimbursed expenses in the amount of \$11,208,867 for the audit period. See Note 1 of Notes to Financial Statements.

JEFFERSON COUNTY  
 JOHN E. AUBREY, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2010

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2010	\$ (1,198,720)	\$ 1,259,783	\$ 61,063
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	21,491,967		21,491,967
Fees Paid to State - County Funds (25%)		3,783,921	3,783,921
Total Funds Available	20,293,247	5,043,704	25,336,951
<u>Expenditures</u>			
Louisville Metro	4,107	5,043,704	5,047,811
Personnel Services-			
Officials Statutory Maximum	108,720		108,720
Officials Incentive Training Pay	3,624		3,624
Deputies' Salaries	11,564,627		11,564,627
Overtime Gross	(75,755)		(75,755)
Employee Benefits-			
Employer's Share Social Security	862,559		862,559
Employer's Share Retirement	3,667,901		3,667,901
Employer's Paid Health & Life Insurance	2,015,258		2,015,258
Sick Leave Conversion	29,437		29,437
Unemployment Compensation Insurance	11,380		11,380
Workers Compensation Insurance	87,898		87,898
Contracted Services-			
Advertising	288		288
Legal Services	13,708		13,708
MIS Services	5,038		5,038
Materials and Supplies-			
Office Materials and Supplies	71,674		71,674
Printing	64,016		64,016
Uniforms	50,416		50,416
Ammunition	26,898		26,898

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
 JOHN E. AUBREY, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	75%	25%	
	Operating	County	Totals
	Fund	Fund	
<u>Expenditures</u> (Continued)			
Materials and Supplies-(Continued)			
Computer Supplies	\$ 9,100	\$	\$ 9,100
Other Charges-			
Bonds and Insurance	294,919		294,919
Dues	22,685		22,685
Discretionary Expenses	25,000		25,000
Postage	214,391		214,391
Fixed Telephone	64,972		64,972
Mobile Telephone	46,497		46,497
Radio Charges	13,971		13,971
Communication Maintenance	15,087		15,087
Equipment Maintenance	15,362		15,362
Computer Maintenance	39,664		39,664
Office Equipment Rental	7,486		7,486
Other Equipment Rental	(2,743)		(2,743)
Rent	22,575		22,575
Utilities	8,475		8,475
Training & Seminars	4,161		4,161
Travel	74,871		74,871
Subscriptions	6,628		6,628
Physical and Medical	15,285		15,285
Personal Services	1,067		1,067
Miscellaneous	2,561		2,561
Auto Expenses-			
Gasoline	353,431		353,431
Insurance Claims	1,265		1,265
Maintenance and Repairs	224,964		224,964
Vehicle Insurance	157,717		157,717
Parking	165,913		165,913

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
 JOHN E. AUBREY, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Expenditures</u> (Continued)			
Capital Outlay-			
Office Equipment	\$ 3,856	\$	\$ 3,856
Computers	6,389		6,389
Communication Equipment	(36,584)		(36,584)
Law Enforcement Equipment	3,497		3,497
Vehicles	(1,009)		(1,009)
Total Expenditures	20,293,247	5,043,704	25,336,951
Fund Balance - December 31, 2010	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2010 services
- Reimbursements for 2010 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2010
- Payroll expenditures incurred but not paid

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2010  
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.16 percent for the first six months and 16.93 percent for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 32.97 percent for the first six months and 33.25 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Jefferson County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

JEFFERSON COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2010  
 (Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Jefferson County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Lease

Commitment to the following lease agreement as of December 31, 2010 was:

Item	Monthly	Term of	Ending	Principal
<u>Purchased/Leased</u>	<u>Payment</u>	<u>Agreement</u>	<u>Date</u>	<u>Balance</u>
				<u>December 31, 2010</u>
Six Copy Machines	\$ 1,682	48 Months	5/11/2014	\$ 73,435

Note 5. Violence Against Woman Act (VAWA) Grant

The Sheriff was awarded violence against women investigator/intake center grant from the Kentucky Justice and Public Safety Cabinet. Federal funds in the amount of \$31,285, and matching funds in the amount of \$25,150 were expended.

Note 6. Discretionary Account

The Sheriff has established a discretionary account as provided by KRS 64.345. This fund is to cover additional expenses related to homeland security emergencies, academy graduations, retirements, state and national sheriff's conventions, and extraordinary office expenses in amounts authorized by the approving authority. The account had a beginning balance of \$37,364, receipts of \$25,350, expenditures of \$20,059 and an ending balance of \$42,655 as of December 31, 2010

Note 7. State Forfeiture Account

The Sheriff has an account, which is used for receiving forfeited state drug money. This money is used to purchase law enforcement equipment. This account had a beginning balance of \$83,225, revenues of \$8,104, and expenditures of \$0 and an ending balance of \$91,329 as of December 31, 2010.

Note 8. Federal Forfeiture Account

The Sheriff has an account, which is used for receiving forfeited federal drug money. This money is used to purchase law enforcement equipment, for training, for drug education programs, and to make drug buys. This account had a beginning balance of \$102,767, revenues of \$407,070, expenditures of \$261,853, and an ending balance of \$247,984 as of December 31, 2010.



JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2010  
(Continued)

Note 9. IRS Forfeiture Account

The Sheriff has an account, which is used for receiving forfeited federal drug money. This money is used to purchase law enforcement equipment, for training, for drug education programs, and to make drug buys. This account had a beginning balance of \$723,589, revenues of \$238,124, expenditures of \$455,156, and an ending balance of \$506,557 as of December 31, 2010.

JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2010

CFDA	Program Title	Pass Through Number	Expenditures
<b><u>U.S. Department of Justice</u></b>			
<b>Direct Programs:</b>			
16.588	Violence Against Women Formula Grant	VAWA-2009-Jefferson 00075	\$ 31,285
16.N/A	Drug Enforcement Administration - Reimbursement of Overtime	Not Available	31,771
16.N/A	Federal Bureau of Investigation - Reimbursement of Overtime	Not Available	16,376
16.N/A	High Intensity Drug Trafficking Area - Reimbursement of Overtime	Not Available	34,238
16.N/A	United States Marshall Service - Reimbursement of Overtime	Not Available	13,311
16.N/A	Federal Forfeiture Account	KY 05 60000	<u>261,853</u>
<b>Total U.S. Department of Justice</b>			<u><u>388,834</u></u>
<b><u>U.S. Department of Treasury</u></b>			
<b>Direct Programs:</b>			
21.N/A	Internal Revenue Service - Reimbursement of Overtime and Other Expenses	KY 05 60000	<u>545,629</u>
<b>Total U.S. Department of Treasury</b>			<u><u>545,629</u></u>
<b><u>U.S. Department of Homeland Security:</u></b>			
<b>Passed Through from the Office of Homeland Security:</b>			
Homeland Security Grant Program:			
97.067	Radio Console & Related Equipment	PO2 094 1100002688 1	148,375
97.067	Body Armor	PO2 094 1100001638 1	<u>17,050</u>
<b>Total U.S. Department of Homeland Security</b>			<u><u>165,425</u></u>
<b>Total Cash Expenditures of Federal Awards</b>			<u><u>\$ 1,099,888</u></u>

JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Sheriff of Jefferson County, Kentucky, and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2. Determination of Major Program

When determining the major program, each memorandum of understanding was considered a separate program. The Type A program for the Sheriff's office is any program for which total expenditures of federal awards exceed \$300,000 for calendar year 2010. The Internal Revenue Service - Reimbursement of Overtime and Other Expenses program met the Type A program definition for calendar year 2010.

Note 3. Noncash Expenditures

There were no noncash expenditures of federal awards for calendar year 2010.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Greg Fischer, Mayor, Louisville/ Jefferson County Metro Government  
The Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Jefferson County Sheriff for the year ended December 31, 2010, and have issued our report thereon dated June 28, 2011 . The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jefferson County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jefferson County Sheriff's financial statement for the year ended December 31, 2010, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, members of the Louisville/Jefferson County Metro Council, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, flowing script.

Crit Luallen  
Auditor of Public Accounts

June 28, 2011



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Greg Fischer, Mayor, Louisville/ Jefferson County Metro Government  
The Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

Report On Compliance With Requirements  
That Could Have A Direct And Material Effect On Each Major Program  
And On Internal Control Over Compliance In Accordance With OMB Circular A-133

Independent Auditors Report

We have audited the compliance of the Sheriff of Jefferson County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Jefferson County Sheriff. Our responsibility is to express an opinion on the Jefferson County Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Sheriff's compliance with those requirements.

In our opinion, the Jefferson County Sheriff complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The Sheriff of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Sheriff's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over compliance.



Report On Compliance With Requirements  
That Could Have A Direct And Material Effect On Each Major Program  
And On Internal Control Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance (Continued)

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, members of the Louisville/Jefferson County Metro Council, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

June 28, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended December 31, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Jefferson County Sheriff.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Jefferson County Sheriff were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Jefferson County Sheriff expresses an unqualified opinion.
6. There are no findings relative to the major federal awards programs for Jefferson County Sheriff reported in Part C of this schedule.
7. The programs tested as major program was: Internal Revenue Service - Reimbursement of Overtime and Other Expenses (CFDA #21.N/A).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Jefferson County Sheriff was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.

